Ascendis HEALTH

INTERIM RESULTS

TRADING UPDATE

FOR THE PERIOD ENDED 31 DECEMBER 2019

Presentation outline

Section		Presenter
01	Welcome and Introduction	Mark Sardi
02	Strategy	Mark Sardi
03	Trading Update	Mark Sardi
04	Q & A	Mark Sardi & Kieron Futter

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Strategic context

History | **2019** | **2020 +**

- Ascendis was built via a set of opportunistic acquisitions
- Complex collection of independent, entrepreneur led businesses
- Limited operational synergies between the acquired businesses
- Combination of sub-optimal organic growth, cash conversion resulted in a highly-leveraged Holding Company where liquidity continually swept from high performing businesses

- New strategy (Pharma and Consumer core) launched September 2018 but stopped due to capital structure and liquidity issues
- Early 2019, Group enters into Standstill with Lenders and embarks on sale of Remedica to fix the balance sheet
- Group delivers poor FY19 results
- Remedica transaction terminated in December 2019
- Unpaid DVP liabilities further exacerbate tensions within the Group and threaten stability

- Current leverage and liquidity is unsustainable
- Management needs time to focus less on 'fire fighting' and more on the important 'fix / invest / divest' decisions required to reduce debt and generate value
- Operating model to align with Holdco reality

Listed Holdco: Focus on niche, geographically dispersed pharma / consumer businesses

Three Pillar Strategy

Stabilise	Optimise	Monetise
• Set the medium term portfolio strategy – which companies we should keep and which we should sell • Restructure existing debt to match portfolio strategy (particularly the divestment profile) and remove 'forced seller' label • Restore operational flexibility and ability to execute 'Optimise' Pillar	• Set the operating model to align with portfolio strategy and reduce complexity • Implement Project Office discipline to address potential 'exit' due diligence issues, drive efficiencies and margin management in each Business Unit • Create Business Unit specific incentivization programmes and develop owner-manager mindsets	• Structure to ensure 'decoupling ' flexibility • Deleveraging strategy to take onto account the interim cash conversion profiles of the underlying business • Remain flexible to access attractive market windows
Fix the balance sheet	**Right-size and set the platform**	**Focus on value maximisation**

Create an Owner led culture with capability to support

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Revenue analysis by business

6 months ended	31 Dec 2019 Lower range	31 Dec 2019 Higher range	31 Dec 2018 (Restated)	% change Lower range	% change Higher range
INTERNATIONAL (€'m)					
Remedica	54.0	56.7	42.8	26%	33%
Sun Wave Pharma	26.0	27.4	20.6	26%	33%
Scitec	37.0	38.9	37.7	(2%)	3%
Farmalider	16.5	17.3	18.1	(9%)	(4%)
Other	-	-	0.5		
Total International - €'m	**133.5**	**140.3**	**119.7**	12%	17%
Total International - R'm	**2 173**	**2 285**	**1 958**	11%	17%
SOUTH AFRICA (R'm)					
Pharma	351	369	336	4%	10%
Medical	683	718	638	7%	13%
Consumer Health	456	479	491	(7%)	(2%)
Biosciences	211	222	517	(59%)	(57%)
Animal Health	233	245	245	(5%)	0%
Intercompany elimination	(102)	(107)	(181)		
Total South Africa - R'm	**1 832**	**1 926**	**2 046**	(11%)	(6%)
Total Group - R'm	**4 005**	**4 211**	**4 004**	0%	5%
Less: Discontinued operations	(250)	(262)	(566)	(56%)	(54%)
Group - continuing - R'm	**3 755**	**3 949**	**3 438**	9%	15%

EBITDA analysis by business

6 months ended	31 Dec 2019 Lower range	31 Dec 2019 Higher range	31 Dec 2018 (Restated)	% change Lower range	% change Higher range
INTERNATIONAL (€'m)					
Remedica	16.1	17.8	14.0	15%	27%
Sun Wave Pharma	7.0	7.7	5.8	21%	33%
Scitec	1.2	1.3	0.9	33%	44%
Farmalider	-	-	4.2	(100%)	(100%)
Other	-	-	(0.1)		
Total International - €'m	**24.3**	**26.8**	**24.8**	(2%)	8%
Total International - R'm	**394**	**436**	**405**	(3%)	8%
SOUTH AFRICA (R'm)					
Pharma	3	3	(2)	>100%	>100%
Medical	130	144	133	(2%)	8%
Consumer Health	33	36	29	14%	24%
Biosciences	12	13	84	(86%)	(85%)
Animal Health	59	65	46	28%	42%
Total South Africa - R'm	**237**	**261**	**290**	(18%)	(10%)
Group head office costs – R'm	(49)	(54)	(50)	(2%)	8%
Total Group - R'm	**582**	**643**	**645**	(10%)	0%
Less: Discontinued operations	(7)	(8)	(66)	(89%)	(88%)
Group - continuing - R'm	**575**	**635**	**579**	(1%)	10%

Remedica

Summary P&L

€’m	Dec 2019 Lower range	Dec 2019 Higher range	Dec 2018	% change Lower range	% change Higher range
Revenue	**54.0**	**56.7**	42.8	26%	33%
EBITDA	**16.1**	**17.8**	14.0	15%	27%
EBITDA margin	**29.8%**	**31.4%**	32.7%		

Commentary

Performance

- Increase in both revenue and EBITDA driven by new Mexican tender and introduction of NHI in Cyprus
- New revenue streams resulted in dilution of gross profit margin

Priorities

- Optimization of inventory and trade receivables levels
- Enhancing in-market intelligence to determine optimal price points and revenue optimisation

Sun Wave Pharma

Summary P&L

€’m	Dec 2019 Lower range	Dec 2019 Higher range	Dec 2018	% change Lower range	% change Higher range
Revenue	**26.0**	**27.4**	20.6	26%	33%
EBITDA	**7.0**	**7.7**	5.8	21%	33%
EBITDA margin	**26.9%**	**28.1%**	28.2%		

Commentary

Performance

- Strong performance in both revenue and EBITDA driven by focus on top brands and increase in sales heads and medico-marketing activities
- New products successfully launched in FY2019 supported by clinical trial results and media promotion
- Increase in Marketing investment

Priorities

- 4 new products to be launched
- Consumer campaigns to boost brand equity and complement the winning HCP approach

Scitec

Summary P&L

€'m	Dec 2019 Lower range	Dec 2019 Higher range	Dec 2018	% change Lower range	% change Higher range
Revenue	**37.0**	**38.9**	37.7	(2%)	3%
EBITDA	**1.2**	**1.3**	0.9	33%	44%
EBITDA margin	**3.2%**	**3.3%**	2.4%		

Commentary

Performance

- Volumes and sales price growth despite increased competitor activity and loss of key customer in Portugal
- Increase in Contract manufacturing business
- 61 headcount reduction was implemented (direct and indirect)

Priorities

- New leadership appointed
- Launch two new Scitec sub-brands
- Further COGS and overhead costs reduction

Farmalider

€'m	Dec 2019 Lower range	Dec 2019 Higher range	Dec 2018	% change Lower range	% change Higher range
Revenue	**16.5**	**17.3**	18.1	(9%)	(4%)
EBITDA	**-**	**-**	4.2	(100%)	(100%)
EBITDA margin	**0%**	**0%**	23.2%		

Summary P&L

Commentary

Performance

- Revenue and EBITDA decline driven by supplier issues related to the implementation of the EU serialisation regulations
- Decrease in licence fee revenue (100% GP) driven by delays in Health authority approvals
- Increase in fixed costs due to reversal of a provision of legal fees in FY19 and the new provision for another legal dispute in FY20

Priorities

- Addition of alternative manufacturing sites in China and India to increase capacity and de-risk supply
- Close agreements with major multinational customers for pain management innovations

Pharma (South Africa)

Summary P&L

R'm	Dec 2019 Lower range	Dec 2019 Higher range	Dec 2018 (Restated)	% change Lower range	% change Higher range
Revenue	**351**	**369**	336	4%	10%
EBITDA	**3**	**3**	(2)	>100%	>100%
EBITDA margin	**0.9%**	**0.8%**	(0%)		

Commentary

Performance

- Revenue for State and tender business positively impacted by recovery from prior year supply issues
- GP margin % increase due to discontinuation of lower margin products
- Decreased fixed costs post sale of Isando factory

Priorities

- Grow export market into SADC and West Africa
- Improving sales from high-margin private sector and OTC brands

Medical Devices

Summary P&L

R'm	Dec 2019 Lower range	Dec 2019 Higher range	Dec 2018	% change Lower range	% change Higher range
Revenue	**683**	**718**	638	7%	13%
EBITDA	**130**	**144**	133	(2%)	8%
EBITDA margin	**19.0%**	**20.1%**	20.8%		

Commentary

Performance

- Increase in sales driven by improved exports in TSG and new Qiagen agency, partly negated by the loss of Merit agency.
- Forex impact drove 3% increase of COGS, with impact directly felt on GP margin
- Increase in costs driven by investment in sales heads and training for newly acquired agency partly negated by savings realised from premises integration.

Priorities

- Optimization of inventory and trade receivables levels
- Ramping up sales from newly acquired Qiagen agency in East Africa
- New RT2 tender for RCA

Consumer Health (South Africa) – continuing operations

Summary P&L

R'm	Dec 2019 Lower range	Dec 2019 Higher range	Dec 2018 (Restated)	% change Lower range	% change Higher range
Revenue	**417**	**439**	442	(6%)	(1%)
EBITDA	**38**	**42**	47	(19%)	(11%)
EBITDA margin	**9.1%**	**9.6%**	10.6%		

Commentary

Performance

- Sales drop driven by supply issues due to Port strikes and Third party supplier delivery challenges
- Discontinuation of low margin brands in Wellness drove lower sales but improved GP% margin
- Challenging environment for SA salon market resulted in lower Skin sales
- Integration of Wellness, Skin, Supply Chain & Chempure business units resulted in lower payroll costs

Priorities

- Improvement in procurement and manufacturing service levels
- Resumption of advertising and promotion activities
- Continuing to drive sales expansion in UK market
- Launching Agewell products into online channel

Financials exclude Direct Selling and SA Sports Nutrition which are classified as discontinued operations

Biosciences - discontinued operation

Summary P&L

R'm	Dec 2019 Lower range	Dec 2019 Higher range	Dec 2018	% change Lower range	% change Higher range
Revenue	**211**	**222**	517	(59%)	(57%)
EBITDA	**12**	**13**	84	(86%)	(85%)
EBITDA margin	**5.7%**	**5.9%**	16.2%		

Commentary

Performance

- Decrease in revenue and EBITDA driven by Bioscience 1 disposal successfully concluded in July 2019
- Existing Avima business negatively affected by banning of products used in Zimbabwean tobacco farming

Priorities

- Reregistration of affected KM5 products
- Relaunch of Dicorzal

Animal Health

Summary P&L — R'm	Dec 2019 Lower range	Dec 2019 Higher range	Dec 2018	% change Lower range	% change Higher range
Revenue	**233**	**245**	245	(5%)	0%
EBITDA	**59**	**65**	46	28%	42%
EBITDA margin	**25.3%**	**26.5%**	18.8%		

Commentary

Performance

- Strong sales growth in Agrimed following the awarding of the Dorajet tender
- Growth in Vet revenue driven by a recovery from prior year supply issues
- Gross margin improvement due to sales mix and price increase timing in Kyron

Priorities

- Continue to drive sales in Agrimed and Vet businesses while extracting further synergies from Kyron
- Transfer manufacturing for Ascendis Vet
- Expansion into other markets in SADC and East Africa


Ascendis
HEALTH
Thank you
Q&A